

Firefighters' Scheme Advisory Board (England)

Budget Setting Policy

Date created: September 2025

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Introduction

The annual budget sets out the expected spending by the Scheme Advisory Board for the coming 12 months and goes hand in hand with their business plan.

The budget has historically been set in September and reflects the work from the past 12 months. However, the budget for 2025/2026 was brought forward to June 2025.

Going forward it is intended that the budget and business plan will be set in June, for the next financial year i.e. 2027/2028 budget and business plan being finalised in June 2026.

This transition will require the 2026/2027 budget and business plan to be finalised in either December 2025 or March 2026 Board meeting.

This policy sets out the process that will need to be followed to transition the Board to this cycle, and then how each year the budget process will work.

Background

Under the Firefighters' Pension Scheme (FPS) 2014 Regulations [4H\(1\)](#)¹, the Firefighters' Pensions (England) Scheme Advisory Board (SAB) is required to set an annual budget for approval by the Secretary of State.

Once the budget has been approved this is levied to Fire and Rescue Authorities in England. The levy is comprised of two parts:

The Board levy, as approved by Secretary of State

The LGA employer levy: in 2014, FRAs entered a shared arrangement to fund a technical adviser post to support their understanding and management of the Firefighters' Pension Scheme (FPS).

Whilst the Board is not required to have any input into the LGA employer levy, it is directly linked to the work that the LGA carry out alongside their role supporting the Board as secretariat, and it is good practice that the Board has oversight and regard to this in their budget setting process.

FRAs in England, Wales, Scotland and Northern Ireland pay towards the LGA employer levy.

In 2017, FRAs in Wales agreed to contribute £1 per firefighter in order to benefit from work undertaken by LGA in their capacity as secretariat for the Firefighters' Pension Scheme (England) Scheme Advisory Board (the Board).

¹ 4H. (1) The Firefighters' Pension Scheme Advisory Board must prepare an annual budget for approval by the Secretary of State

The Firefighters' pension scheme is a national scheme that is locally administered, with 44 individual scheme managers across England responsible for the management and administration of the scheme which means that work to interpret legislation, make decisions and manage administration contracts is replicated 44 times. In today's climate this has proven to be sub-optimal, and the Board's input into guidance and communications to reduce risk and remove inconsistencies arising is increasing.

Business Plan

At their June 2025 meeting, the Board approved their first published business plan.

A business plan is an important document which sets out the aims and objectives of the Board over the coming year, its core work and how the objectives will be achieved.

The business plan covers:

- budget for the coming year
- training,
 - to establish its training strategy for the coming year
- risk management,
 - to review its risks on a regular basis
- issues for attention for the coming year
 - work expected for the coming year
- key tasks and activities
 - Business planning and performance
 - compliance checks
 - governance arrangements
- communication strategy
 - outlining how the Board will communicate to achieve its goals, encompassing what to say, to whom and when.

For the Board to be able to complete their aims and objectives set out within their business plan, there will be associated costs which form the budget.

Objectives of the budget process

As set out in the background section of this policy it is a legal requirement for the Board to have a budget for approval by the Secretary of State.

There is no doubt that budgeting is good practice.

In public sector, it is important that the allocation of resources between policy objectives is planned, and the use of public funds is controlled. Each FRA is required to publish their budget and accounts for transparency.

A vital role within each FRA is as scheme manager, and it is important that they can complete this effectively and that the cost involved is value for money.

Budget setting roles

The Firefighters' Pension (England) Scheme Advisory Board is made up of:

- Seven employer representatives
 - These seven places are to be selected by the Firefighters' Pension Team of the Local Government Association with input from the Chair and Fire Services Management Committee
- Seven member representatives
 - These seven places are split between the four trade unions based on four seats for the Fire Brigades Union (FBU) and one each for the Fire and Rescue Services Association (FRSA), the Fire Officers' Association (FOA) and the Fire Leaders Association (FLA).

The Board has powers under the regulations to constitute committees and working groups to support its work.

The membership and remit of three sub committees have been agreed in the following areas:

- [Cost-effectiveness](#)
- [Local Pension Board effectiveness](#)
- [Scheme Management and Administration](#)

The Board Secretariat role is carried out by the Local Government Association (LGA) Firefighters' Pensions Team.

The team maintain and monitor the business plan, and the budget that is associated with workstreams included within the business plan.

A budget expenditure paper is provided to the Board, for them to consider and approve, before it is sent to the Secretary of State via Ministry of Housing, Communities and Local Government (MHCLG) and for their approval.

When acting within the law, members of the Board have discretion not to follow the advice of the secretariat but should take it into account and weigh the consequences of not following professional guidance.

Planning the budget process

This work will be carried out over a series of months and more information relating to the timetable is covered within the Agreeing the budget section of this policy.

Discussions at each Board meeting will inform workstreams, however the predominate work to be included within the Business Plan will be advised by the Board secretariat, based upon legislative changes and feedback from the fire pensions sector.

At the beginning of the business planning process the secretariat will hold a planning meeting in September of each year to discuss workstreams which should be featured within the business plan.

Depending on the workstreams, this will inform whether there are any working-groups and/or decision-making groups which need to be established, and/or whether the work should form part of one of the three existing Board sub-committees' agendas.

In producing any timetable for workstreams, it is important to give due consideration to the final stages of the process, particularly where there are any decisions which need to be made and ensure that relevant meetings are set in the diary for the relevant working groups and/or committees.

It will be important if there are any budget coding that need to be set up, to assist with monitoring of budgets that they are also considered into the process.

A pre-budget paper will form part of the March meeting to allow for the Board's input ahead of the final paper being sent for approval in their June meeting. This will allow the Board to agree whether the workstreams are relevant to be part of the Board's business plan, and budget, or whether they should form part of the LGA employer levy.

Building the budget

It is important that the budget reflects the truth of the workstreams of the business plan.

The budget needs to be built in assumptions and estimates, to ensure that any deficit in the budget is minimal if at all. It is therefore important to understand:

- What key assumptions have been made
- What can change in relation to these assumptions
- What risks are associated with those assumptions – are they optimistic or pessimistic

It is important that contingency is included within the budget to allow for any increase in any workstream area or expenses which were not forecasted.

The overall budget² is split into areas of costs, these are as follows:

- Board costs
- LGA costs
- Shared costs

Anything within the budget that is a Board cost i.e. Board advisers, meeting costs, Board project costs, will form part of the Board budget. Likewise, anything that is a shared cost i.e. staffing overheads, expenses, events and staff development will be split and included within the Board budget.

² Split between SAB levy and LGA employer levy

As a standard the shared costs are usually split 50/50, however there may be costs where it is appropriate for these to be split differently, depending on the circumstances. These will be proposed and consulted on as part of the pre-budget paper.

Any LGA costs will be solely included within the LGA Employer levy. Whilst the Board will have no input into these, it is good practice for them to have oversight, so that they understand the bigger picture and these will be detailed within the budget paper.

Should a carry-forward be applicable, the proportion allocated to the Board budget will be established based upon how it has arisen.

Agreeing the budget

September

The secretariat will meet to discuss areas of work that have been discussed at Board meetings, through regulatory changes, feedback from the sub committees or the fire pensions sector.

December

The secretariat will report to the Board their workplan and the areas of work proposed as Board items.

September to March

The secretariat will work to establish the resource needed; timeframes and costs associated with delivering.

March

A pre-budget paper will be taken to the March meeting, setting out the proposed costs, and allocation between the Board levy and LGA employer levy. This will allow for the Board to have input into where they consider the workstreams and costs should be allocated.

June

A Board expenditure paper and draft business plan will be taken to the Board for approval. This will then be sent to the Secretary of State, via MHCLG for final approval.

Transition

As referenced within the [introduction](#) section of this policy, following discussions with MHCLG, they have recommended that the Board look to transition the finalisation of the budget for 2027/2028 to the June 2026 Board meeting.

To allow for this transition, this will require the 2026/2027 budget and business plan to be approved in the March 2026 meeting, with a pre-budget paper being sent in the December meeting.

In the Secretariats meeting in September to discuss workstreams, the workplan for the next 12 – 24 months will be covered, to allow for this to take place.

Levy

Once the Board budget has been approved by the Secretary of State, FRAs are communicated to invoice them for the Board levy and LGA employer levy.

As part of the communication for the 2025/2026 levy, the [transition](#) will be communicated, to ensure that clear expectations are set for the fire sector, and to provide detail of the invoicing timetable to assure them that we will not be invoicing them all at the same time.

Monitoring and review

It is important that any budget and business plan is monitored regularly, and as such a summary update on each workstreams will be provided as part of the Governance paper at each Board meeting.

The budget will also be monitored, and an update will be provided at each Board meeting.

This policy will be reviewed on an annual basis by the Board secretariat.



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